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Safe Harbor Statement

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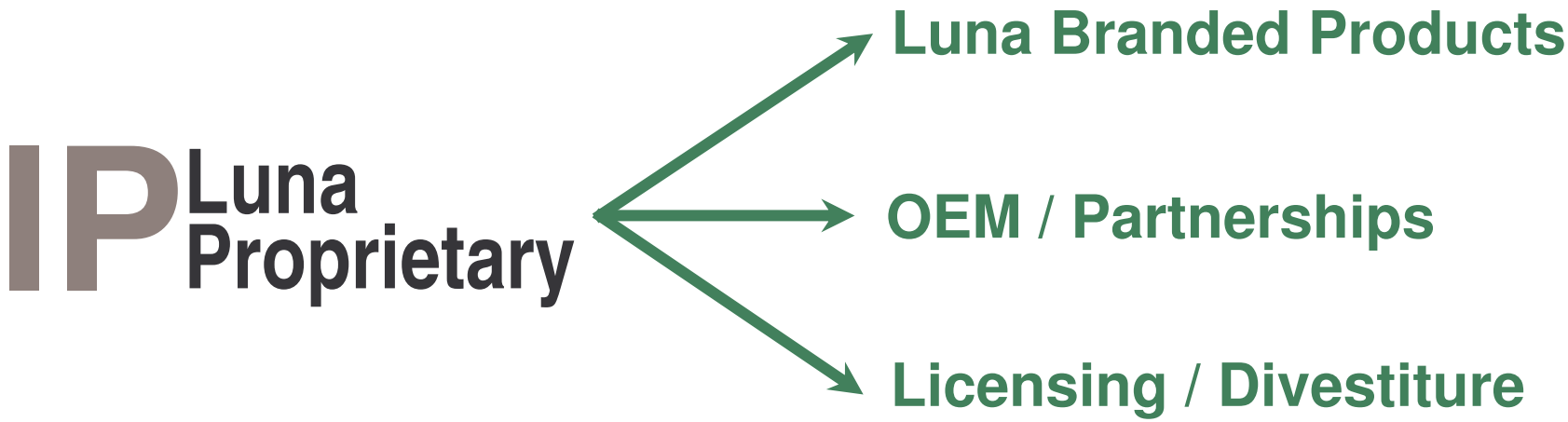
Company Summary

- Developing next-generation products for growth markets
  - *200 employees dedicated to transitioning science to solutions*
- 4 Locations in Virginia – Blacksburg, Charlottesville, Danville, Roanoke
- NASDAQ: LUNA
- Reputation for excellence in applied research
- Demonstrated track record of successful commercialization
  - *Accelerating product and licensing revenue*
  - *Created five companies and sold three to leaders in their fields*

LUNA INNOVATIONS

Luna Business Model

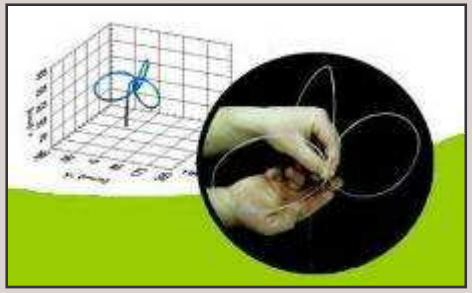


Core Technologies

Fiber Optic Sensing

Distributed sensing technology enabling fiber optic mapping

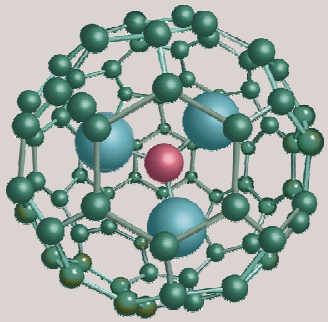
- ***Strain, Pressure***
- ***Temperature***
- ***Position, Shape***



Carbon Nanomaterials

Nanotechnology-enabled solutions for targeted applications

- ***Diagnostics***
- ***Therapeutics***
- ***Solar Energy***



LUNA INNOVATIONS

Platform Technologies Serving Multiple Markets

Luna nanoWorks' Division

Making products empowered by nanomaterials

Luna nanoWorks, is a division of Luna Innovations, located in Danville, Virginia

nanoWorks Focus

- Produce nanomaterials
- Advance manufacturing
- Create new nanomaterials
- Identify applications
- Product development

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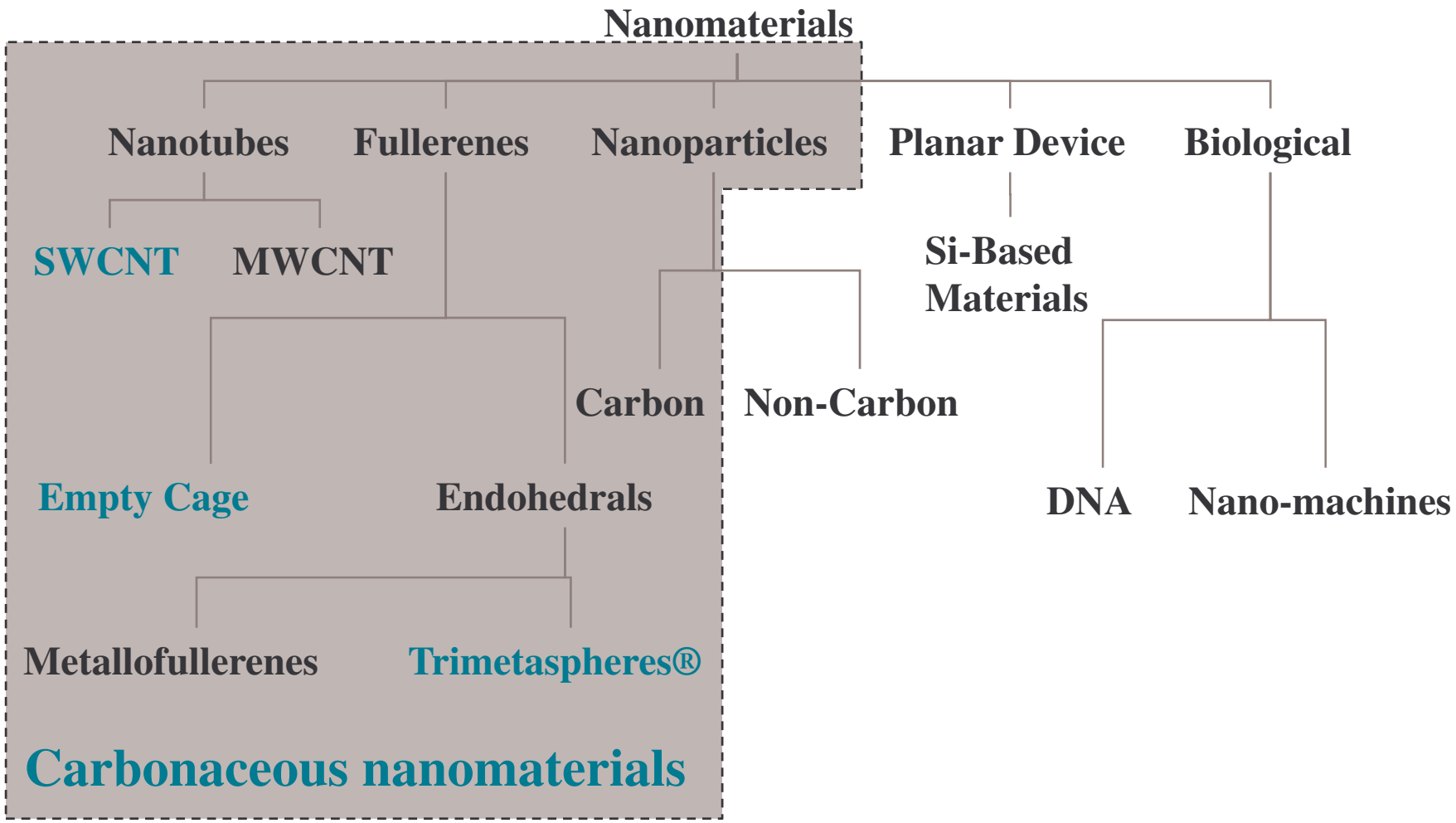
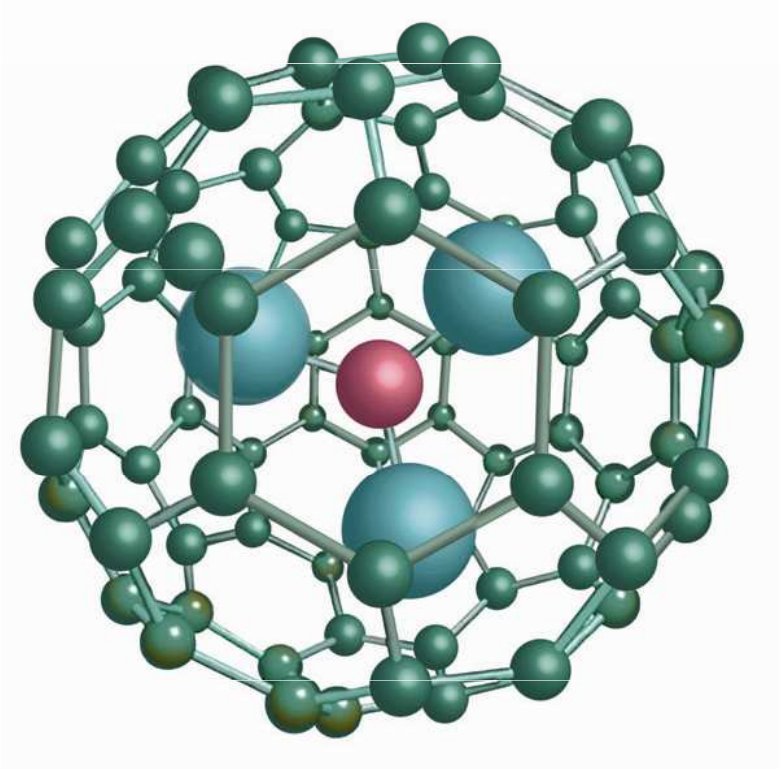
Nanomaterials of Interest



Trimetaspheres®

- A sphere of 80 carbon atoms enclosing a metal nitride core
- Strong IP – Virginia Tech COM
- Unique physical properties:
  - *Chemical* – *Biological*
  - *Thermal* – *Optical*
  - *Magnetic* – *Electronic*

TRIMETASPHERE®
Luna's Exclusive Carbon Nanomaterials



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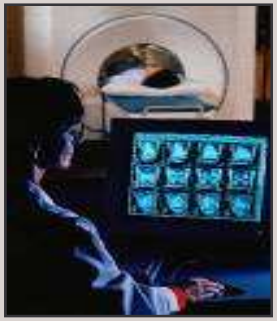
LnW Product Development

Diagnostics



Imaging agents providing enhanced contrast and better safety:

- **MRI**
- **MRI targeted (i.e. plaque, brain, etc.)**

Therapeutics

A new pathway to treating disease:

- **Parkinson's**
- **Diabetes**
- **Arthritis**
- **Wound Healing**
- **Radiation Therapy**
- **Dermatology**

Energy

Providing for more efficient & less expensive organic solar power solutions.

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Diagnostic Pharmaceuticals

- Performance:

  High relaxivity = lower dose
- Safety:

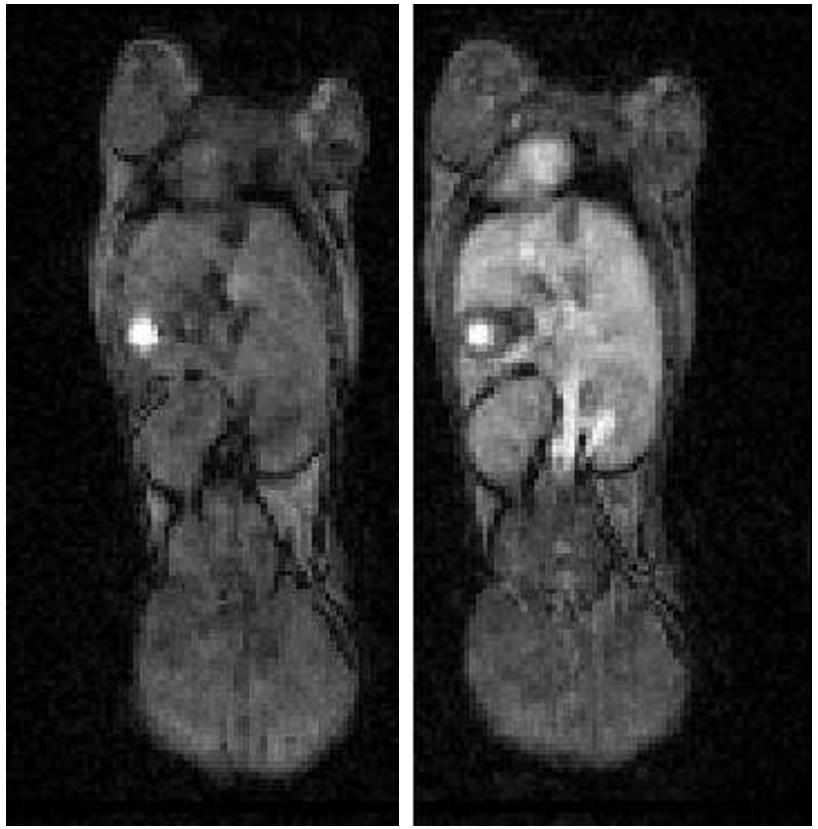
  Recent FDA warnings
- Market Segments:

  General

  Disease-targeting agents (plaque, tumors, disease states)
- NIH partnership

HYDROCHALARONE™ Imaging Results in Animal Models

Before Agent	30 Minutes After



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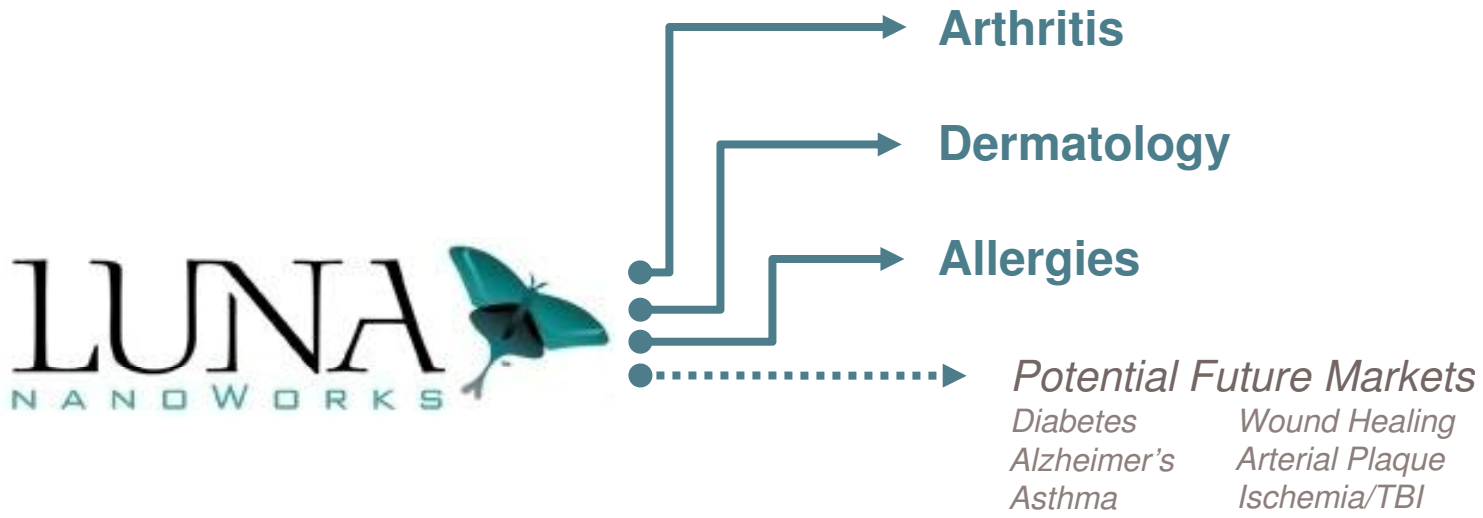
Therapeutic Pharmaceuticals

- Luna is developing a portfolio of therapeutic candidates
  - *Single platform technology – modified antioxidant nanomaterials*
  - *Compounds intercept and absorb pathogenic free radicals*
- Potential to treat a wide range of diseases and disorders



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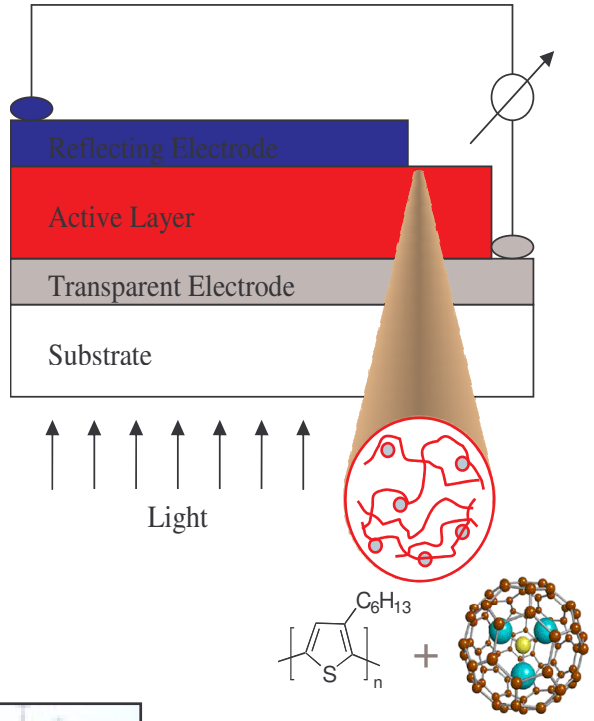
Polymer Solar Cells (OPV)

- Polymers are hole carriers
- Trimetaspheres® are electron carriers
- Build networks of polymer and Trimetaspheres® for best efficiency
- Open circuit voltage (Voc) improvement



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Danville 2004 – Economic View

- Southern Virginia:
  - *Unemployment: region at 13% compared to 3.7% for Virginia (prior to Pillowtex exiting)*
  - *Aging population & outward migration of youth*
  - *Old Economy: low-wage, low-skill industries that face severe competition from foreign competitors*

"A century ago, Danville stood at the cusp of a new century as a key center of manufacturing and commerce in Southside Virginia."
Rebuilding Danville
Virginia Business, April 2003

Source: Sec. Schewel's Comments in Chmura Report, July 2003 Summit

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Danville - Post Luna

Unemployment: below **10%**

Approximately **30 new projects** since March 2004

Over **5,500** new jobs

New investment over a **half billion**

CITY OF DANVILLE ANNOUNCEMENTS MARCH 2004 – PRESENT

DATE	COMPANY	BUSINESS SECTOR		JOBS	INV (M)
Mar-04	Luna nanoWorks	Manufacturer of carbonaceous nanomaterials	New	54	$6.50
Apr-04	Telvista	Service, inbound technical support	New	500	$2.50
May-04	Bescov's	Retail, department store	New	350	$9.00
Jul-04	Columbia Flooring	Manufacturer of hardwood products	Expansion	250	$13.50
Oct-04	Knight-Celotex	Manufacturer of soft board	New	145	$1.00
Nov-04	Nestle	Manufacturer of cookie dough	Expansion	50	$8.00
Nov-04	Shorewood Packaging Corporation	Manufacturer of printed packaging products	Expansion	30	$10.00
Nov-04	Hobby Lobby	Retail, hobby & crafts	New	50	NR
Feb-05	Yorktowne Cabinetry, Inc.	Manufacturer of semi-custom cabinets	New	540	$19.00
Apr-05	TWM Cabling Solutions, Inc.	Manufacturer of cable assemblies	New	50	$1.60
Apr-05	Essel Propack	Manufacturer of laminated and plastic tubes	Expansion	40	$15.00
Jun-05	EIT, Inc.	Manufacturer of electronics, circuit boards	New	120	$12.30
Oct-05	Harley Davidson	Retail	New	18	$1.00
Jan-06	Telvista	Service, inbound technical support	Expansion	250	$1.10
Feb-06	Piedmont Precision Machine Co.	Manufacturer of components and machines	Expansion	50	$2.50
Feb-06	Usarco	Manufacture and repair of shopping carts	New	194	$9.00
Apr-06	Armet Armored Vehicles	Manufacture of armored vehicles	New	60	$0.85
Apr-06	North American Properties	Retail - Power Center	New	1,650	$60.00
May-06	Arista Tubes	Manufacturer of extruded plastic tubes	New	145	$24.00
Jun-06	Sam's Club	Retail, club	New	150	NR
Oct-06	Swedwood	Manufacture of furniture	New	740	$281.00
Nov-06	Office Depot	Retail, office supplies	New	28	NR
Nov-06	PetSmart	Retail, pet supplies	New	40	NR
Nov-06	Corning	Manufacture of glass products	Expansion	50	$12.05
			TOTALS	5,554	$489.90

Technical Education

- Working with Danville Community College to develop a 2-year technician program in the Manufacturing Engineering Technology Program

DCC DRAFT CURRICULUM
for
NANOTECHNOLOGY TECHNICIANS

General Education – 18 credits		
ENG 111	College Composition I	3
PHI 100	Intro to Philosophy	3
PSY 126	Psychology for Business and Industry	3
ECO 120	Survey of Economics	3
MTH 103	Applied Technical Math	3
HLT 116	Personal Wellness	2
STV 100	Orientation	1
Technical Foundations – 19 credits		
BIO 100	Basic Human Biology	3
IST 117	Intro to Microcomputer Software	3
IST 118	Intro to Microcomputer Software Lab	1
MAC 150	Intro to Computer Aided Manufacturing	3
ENG 131	Technical Report Writing	3
IND 235	Statistical Quality Control	3
IND 137	Teamwork & Problem Solving	3

Content, Skills, and Knowledge – 26 credits		
BUS 195	Business Ethics	1
MEC 111	Materials for Industry	3
IND 181	World Class Manufacturing	3
IND 195	Fundamentals of Nanoscience I	3
IND 295	Fundamentals of Nanoscience II	3
IND 295	Nanomaterials	3
CHM 111	College Chemistry I	4
CHM 112	College Chemistry II	4
IND 290	Coordinated Internship	2

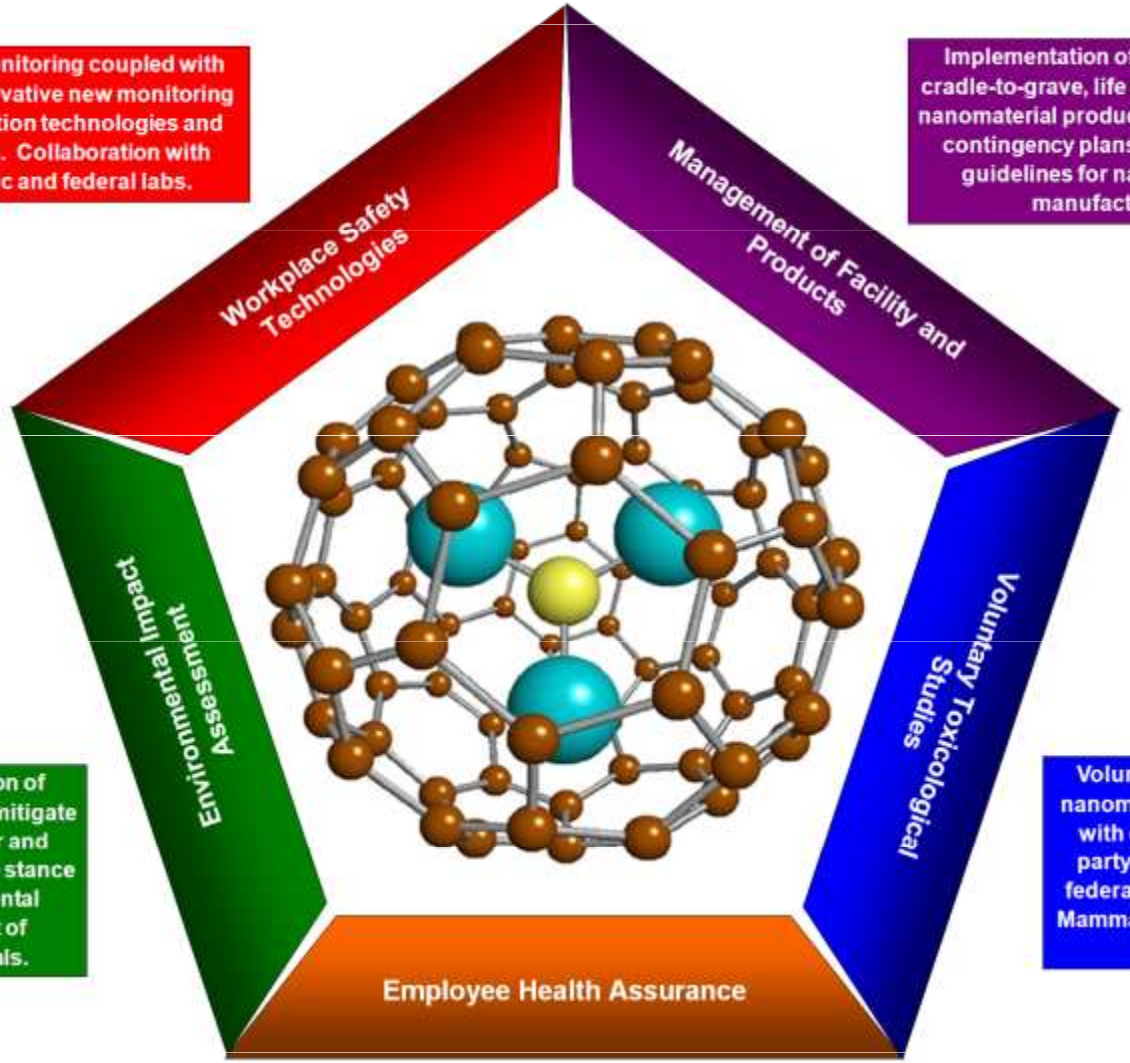
AAS Degree in Technical Studies – 69 credits

Luna nanoWorks' Division

Making products empowered by nanomaterials

"Luna Innovations Incorporated has established an active program developing unique nanomaterials as commercial products serving multiple industries. As we produce and adapt these new materials, we proactively identify potential hazards and seek to minimize exposure through process engineering with the intent to protect our workforce and neighbors from harm…."

Luna EHS Program



Routine monitoring coupled with R&D of innovative new monitoring and protection technologies and strategies. Collaboration with academic and federal labs.

Implementation of strategies for cradle-to-grave, life cycle tracking of nanomaterial products. Establishing contingency plans and standard guidelines for nanomaterials manufacturing.

Implementation of technologies to mitigate releases by air and water. Proactive stance to environmental assessment of nanomaterials.

Voluntary testing of nanomaterial products with objective third party academic and federal research labs. Mammalian and in vitro studies.

Baseline employee health monitoring and periodic health screens. Employee safety training and SOP development.

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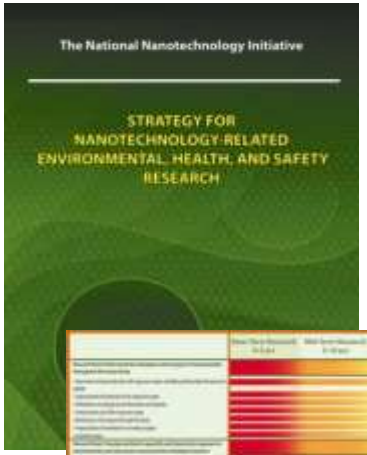
NNI- Nanotechnology Related EHS Strategy

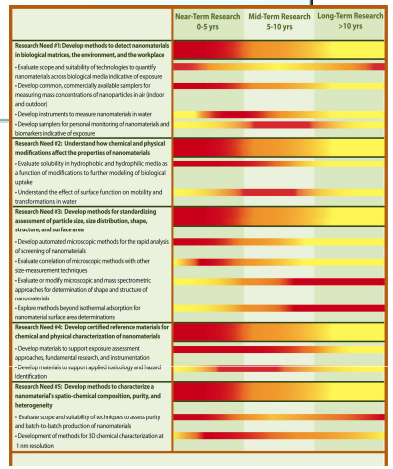
NATIONAL NANOTECHNOLOGY INITIATIVE

nanoEHS

Evaluating Research: A Dynamic and Iterative Process



Advancing NNI EHS Research for the Next Decade



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inspired by ideas…driven by markets

www.lunainnovations.com